

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## PART ONE

THE MODERN HISTORICAL  
PERSPECTIVE

## 1

'THE OTHER CHINA':  
SHANGHAI FROM 1919 TO 1949*Marie-Claire Bergère*

In 1953 Rhoads Murphey published a book called *Shanghai: Key to Modern China*.<sup>1</sup> Twenty-five years later, the same writer asserted that this was not the right key, and that Shanghai, bridgehead for penetration to the West, had played hardly any role in the evolution of modern China.<sup>2</sup> The quarter of a century which has passed invites us to take stock; and it allows us to analyse the experience of treaty ports, in particular the port of Shanghai, without too much good – or bad – feeling.

For the Revolution of 1949 eliminated, if not Shanghai itself, at least the model of development inspired by the West of which the city had become the symbol. Without doubt this elimination was less radical than is generally admitted. The specific quality which Shanghai retained within the communist framework was owed, it is thought, to the survival of certain characteristics inherited from a century of historical experience (1842–1949).

It was towards 1919 that the Shanghai model reached its peak whilst, at the same time, revealing its weakness. In fact, from one world war to the next, Shanghai did not cease to develop, increase its population, and strengthen its economic power, its political and its cultural influence. The degrading of its international status, however,

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## THE MODERN HISTORICAL PERSPECTIVE

endangered the foundation of a prosperity which, for a century, had been built upon integration with the world market, and on a relative independence from the bureaucratic Chinese government. It is true that Shanghai held other trumps: – her exceptionally favourable geographical situation; advances made in the spheres of industry, technology and finance; an active middle class and a relatively established working-class tradition. But it was the development of maritime commerce with the West which made the site of this port at the mouth of the Yangtze so important. It was the flow of Western capital and technicians which stimulated the growth of the modern sector, aroused the competitive spirit of the national bourgeoisie, and speeded up the formation of the working class. How could this transplant from the West evolve at the very moment when the upsurge of Chinese nationalism, war, and revolution pushed back the presence of foreigners until they disappeared?

This question leads immediately to another, which concerns the very nature of a ‘treaty port’. Was it simply (as Murphey thinks) a foreign zone cut off from the rest of China? Or a privileged place of confrontation between two civilizations neither of which would give in to the other? Or, was it, as studies by J. K. Fairbank suggest, a Sino-foreign base, governed by a condominium (or synarchy) characterized by a partial fusion of the values and practices found in the two communities? The majority of writers who have tackled these problems have done so by way of institutional and economic studies, generally focused on the second half of the nineteenth century or on the early twentieth century, during which the system was at first forming, and later functioning normally. Equally revealing, and much less studied, are the years of its decline. It is at that point that one can grasp what foreigners contributed which is lasting, and take stock of what remains after them, including the Chinese reactions to this foreign exposure. With regard to the latter, one must not forget to distinguish between xenophobic and anti-urban attitudes triggered by the existence of a westernized metropolis such as Shanghai on the one hand and the appearance in Shanghai itself of a new tradition, that of Chinese modernism, on the other.

Since 1919, nationalism has dominated the history of Shanghai as it has that of the whole of modern China. But the rise of nationalism in a society as cosmopolitan as Shanghai, is of a kind that dispels all hope of an escapist return to the past.

For the nationalism of Shanghai reflects a new vision of the place of

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## SHANGHAI, OR 'THE OTHER CHINA'

China in the world (demand for equality) and of the role of foreigners in China (desire for co-operation). Shanghai is at once more open to the outside world and more aware of the place which China should have in it. Nationalism and cosmopolitanism proceed in a parallel and complementary fashion.

In this sense, Shanghai was different, and was seen and rejected as such by the Kuomintang and then by the Communists, both of whom described the city as 'foreign'. But foreign to what? To China? or to the dominant, rural and bureaucratic tradition which, after the fall of the Empire, was resuscitated under the Kuomintang regime, just as it was later to be under the Maoist strategy? But if Shanghai had simply been a foreign, non-Chinese city, would she not have been swept quickly aside by this rejection since 1930? But instead, right up to 1949, Shanghai continued to display her vitality and originality in the midst of the most difficult conditions: of repression, invasion, and of chaos. From where does this amazing capacity for survival come? Is the prime importance given to business enough to explain the stability of Shanghai and its relative invulnerability in face of successive political regimes? One thinks of Hong Kong in the 1960s. One thinks back, too, to the communities of merchants, ignored or ill-treated for long periods by the Imperial power and by Chinese officialdom. One thinks of the smugglers, sailors, pirates, the intellectuals on the loose; of all this minority, marginal China; this *other* China of which Shanghai would, in so many ways, be a modern extension; the transplanted foreigners having found in the non-orthodox tradition a small but particularly fertile piece of land. The history of the years 1919–49 illustrates how the 'Shanghai phenomenon' took root, and explains why it continued after the revolution. One can condemn the past; it is much more difficult to abolish it.

## THE UPSURGE OF A NEW SOCIETY 1919–27

The golden age of a colonial-style Shanghai, the age of the *taipan* and Anglo-Indian architecture, closed with the First World War. After the war, the world economic situation, the shrinking of state power in China, and the decline of the old Imperial powers all favoured the growth and expansion of the city. Thus between 1919 and 1927, Shanghai reached the height of its time-honoured destiny.

About 1919 the Chinese economy reaped the benefits of exceptionally favourable circumstances. A heavy demand for raw materials

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## THE MODERN HISTORICAL PERSPECTIVE

and food from the Western countries stimulated growth and development of the export trade as the fall in gold value lowered the prices to be paid (in Chinese, i.e. silver money) for imports. The volume of foreign trade turnover grew whilst the deficit in the balance of trade was reduced. It was a fortunate paradox for industrial enterprises based in China that they benefited simultaneously from the demand created before the war by imports from the West, and from the relative protection which came in the wake of the decline of these imports during and immediately after the war. The stimulants of the international situation exerted themselves essentially upon China's modern sector – and, thus, particularly upon Shanghai, which was its most important component.<sup>3</sup>

The imports and exports of Shanghai (which represented about 41 per cent of the global value of all Chinese external trade) grew as shown in Table 1.1. Deeply affected by the world freight crisis during the war, the port became more active than ever. During this 'period of flourishing private enterprise'<sup>4</sup> the rate of China's industrial growth reached 13.8 per cent per annum.<sup>5</sup> In Shanghai the number of cotton mills increased (Table 1.2) and new industries appeared: clothing,<sup>6</sup> milling (the Mao-hsin Co. built no less than eight factories in Shanghai between 1913 and 1919)<sup>7</sup> and in 1919 the Tobacco Co. of Nan-yang Bros. (*Nan-yang hsiung-ti yen-ts'ao kung-ssu*) moved its head offices from Hong Kong to Shanghai. The creation of numerous machinery workshops illustrated the progress of heavy industry.<sup>8</sup>

The development of credit and of modern Chinese banking accompanied the growth of commerce and industry. In general, the new Chinese banks more often than not had some official character and were concerned less with financing private enterprise than with subsidizing public administration. The Shanghai banks – there were twenty-six at the end of the war<sup>9</sup> – are the exception. It is true that through the Chekiang financial group they were very closely linked to traditional banks, *ch'ien-chuang*, which were still the principal financiers for national enterprises (Table 1.3). The twenty or so foreign banks which operated in China were all represented in Shanghai, where they continued to monopolize the financing of external commerce and the control of flows of precious metals and foreign currency.

Economic prosperity, the creation of jobs which came with it, and the chance of riches which the city offered, drew to Shanghai an influx of newcomers. It is estimated that the population of the city increased from one million inhabitants in 1910 to nearly two and a half millions

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## SHANGHAI, OR 'THE OTHER CHINA'

Table 1.1. *The evolution of Shanghai's imports and exports (1919–47)*

(Pre-1932 data in thousands of Hai-Kwan taels; data for 1933 to 1947 in thousands of Chinese dollars)

|      | Imports       | Exports       | Total          |
|------|---------------|---------------|----------------|
| 1919 | 261,701       | 259,729       | 521,430        |
| 1920 | 383,918       | 193,795       | 577,713        |
| 1921 | 425,514       | 210,528       | 636,042        |
| 1922 | 419,593       | 218,051       | 637,644        |
| 1923 | 417,870       | 276,838       | 694,708        |
| 1924 | 483,470       | 276,455       | 759,925        |
| 1925 | 431,888       | 306,185       | 738,073        |
| 1926 | 596,555       | 361,900       | 958,455        |
| 1927 | 455,317       | 330,506       | 785,823        |
| 1928 | 548,608       | 362,220       | 910,828        |
| 1929 | 624,646       | 364,041       | 988,687        |
| 1930 | 679,742       | 312,668       | 992,410        |
| 1931 | 833,568       | 277,476       | 1,111,044      |
| 1932 | 510,373       | 158,324       | 668,697        |
| 1933 | 736,220       | 315,758       | 1,051,978      |
| 1934 | 600,483       | 272,305       | 872,788        |
| 1935 | 507,695       | 288,975       | 796,669        |
| 1936 | 555,183       | 362,274       | 917,457        |
| 1937 | 510,811       | 404,672       | 915,483        |
| 1938 | 274,896       | 233,039       | 507,935        |
| 1939 | 558,156       | 594,693       | 1,152,849      |
| 1940 | 758,309       | 1,372,810     | 2,131,119      |
| 1941 | 786,498       | 2,042,450     | 2,828,948      |
| 1946 | 1,285,297,885 | 255,583,677   | 1,540,881,562  |
| 1947 | 7,994,195,307 | 3,851,779,360 | 11,845,974,667 |

Source: Hsiao Liang-lin, *China's Foreign Trade Statistics 1864–1949* (Cambridge, Mass.: Harvard University Press, 1974), p. 176.

Table 1.2. *Growth of cotton mills in China and in Shanghai at the time of the First World War*

|      | Number of looms<br>in China | Number of looms<br>in Shanghai | Number of mills<br>in China | Number of mills<br>in Shanghai |
|------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| 1913 | 823,152 <sup>a</sup>        | 480,880                        | —                           | —                              |
| 1919 | 1,428,040 <sup>a</sup>      | 886,122                        | 45                          | 26                             |
|      | 1,248,282 <sup>b</sup>      |                                |                             |                                |
| 1925 | 3,339,728 <sup>a</sup>      | —                              | 125                         | 58                             |

Source: Yen Chung-p'ing, *Chung-kuo mien-fang-chih shih-kao* (*Draft History of the Cotton Industry in China*) (Third edition, Peking: Scientific Publishing House, 1963), p. 355; D. K. Lieu, *The Growth and Industrialization of Shanghai* (Shanghai: China Institute of Pacific Relations, 1936), p. 29; *Wu-ssu yun-tung tsai Shang-hai shih-liao hsüan-chi*, pp. 8–9.

<sup>a</sup> Figure given in *Wu-ssu yun-tung*.

<sup>b</sup> Figure given by Yen Chung-p'ing.

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## THE MODERN HISTORICAL PERSPECTIVE

Table 1.3. *The rise of traditional ch'ien-chuang banks at the time of the First World War*

(Capital data in Chinese dollars)

|      | No. of banks | Capital   | Average capital per bank |
|------|--------------|-----------|--------------------------|
| 1913 | 31           | 1,600,000 | 51,600                   |
| 1920 | 71           | 7,700,000 | 109,000                  |

Source: *Shang-hai ch'ien-chuang shih-liao* (Materials for the History of *ch'ien-chuang* in Shanghai) (Shanghai: People's Publishing House, 1960), p. 191.

in 1920.<sup>10</sup> Stimulated by demand and speculation, the price of land increased. In the central district of the International Settlement the *mou*\* which was worth 30,000 *taels*† in 1911, was worth 40,000 in 1920.<sup>11</sup> Shanghai suffered less and, somewhat later, the effects of the world recession of 1920–2.<sup>12</sup> The imports problem in 1921, and the Stock Exchange crisis which disturbed the financial markets in the same year, were integral parts of the bouts of over-speculation which periodically inflamed the city. More serious was the crisis in Chinese cotton manufacturing in 1923–4.<sup>13</sup> This heralded the end of a golden age which, in 1925, was marked by the onset of continuing civil war and revolutionary problems.

This short decade of prosperity – scarcely time enough for a war and its aftermath – was, nevertheless, sufficient to transform a commercial port into an industrial city and to nurture a new, Chinese nationalist urban class. During these same years, the foreigners worked to preserve their privileges and sometimes even to increase them. The foreign population of Shanghai was a small minority of 23,307 people. The International Settlement (35,503 *mou*) and the French Settlement (15,150 *mou*) were only a small fraction of an urban zone which encompassed the old Chinese city and the industrial districts of Nantao, Chapei, and Pootung.<sup>14</sup> The importance of the foreign settlements was due to their international status as defined by the nineteenth-century treaties and by diplomatic procedure applied thereafter. In Shanghai (as in all other treaty ports) foreign residents had extraterritorial rights and were answerable only to their respective consulates.

\* Approximately 1/16 of a hectare.

† The *tael* is an old monetary unit which represents roughly 38 grams of pure silver, that is in 1920: \$1.24, or 6s 9½d (39p).

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## SHANGHAI, OR 'THE OTHER CHINA'

Against a tax payment (and, eventually, a customs surtax) the rate of which was not determined by the Chinese authorities, their merchandise was exempt from all further control. Local administration (police, refuse collection, public health) was the responsibility of the foreign authorities entitled to collect taxes to finance it. The Land Regulations of 1845, 1854, 1869 and 1898, and the *Règlement* of 1868, allowed the creation of municipal authorities, independent of the Chinese authorities who, in the Settlements, lost all legal and fiscal jurisdiction. If the French municipality, subject to the authority of the consulate and thence to the government in Paris, was a 'bureaucratic autocracy',<sup>15</sup> the Shanghai Municipal Council of the International Settlement constituted 'a representative oligarchy',<sup>16</sup> relatively autonomous with respect to the local consulate body and the diplomatic corps of Peking, even though British influence remained dominant there.

In both cases the continued existence of these privileged groups, and of these states within the state, rested on the relations of the existing forces. Not that the strength of the municipal police forces or that of the Volunteer Corps was very important: they constituted only a few thousand men. But foreign gun-boats were anchored in the Whangpoo and cruised on the Yangtze, reminders of the political and military power of the countries who kept world order.

In their Settlements, foreigners designed their own parks, and built their own churches, schools, colleges and hospitals. They brought in their missions, sporting and cultural clubs, charitable organizations and folklore societies, their bars, their cafés and their big hotels. They built their own warehouses and factories, they continued to have their special postal service, and to publish their newspapers: a dozen daily and weekly papers in different languages were published, the most important of which, the *North China Daily News*, was printing about 3,000 copies at the time of the First World War.<sup>17</sup> The residents of the Settlements benefited, in addition, from the provision of electricity for domestic and industrial use (the electricity generating plant in the International Settlement was the most powerful in China and its prices were among the lowest in the world), a water service, two companies running electric trains, and an urban telephone network, although they were not provided with a good sewage system! The public services were laid on by contracting companies.

The *raison d'être* of this 'model settlement' was business. Twenty foreign banks had their head office or their agent in Shanghai.<sup>18</sup> In

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## THE MODERN HISTORICAL PERSPECTIVE

1919, of sixteen foreign cotton mills in China, fifteen were in Shanghai.<sup>19</sup> Large trading firms were centred in Shanghai, notably the British Jardine Matheson, the German Carlovitz & Co. and the Japanese Mitsui Bussan Kaisha. These firms were continually expanding and diversifying.

The foreign residents of Shanghai were deeply attached to the privileged international status which assured their safety, comfort, and prosperity. After the 1914–18 war had shaken the world order, as the old imperialist forces began to decline, and as the powerful tide of Chinese nationalism began to rise, ‘old Shanghai hands’ mourned the ‘tragedy of the Washington Conference’ and denounced ‘the waves of this absurd generosity’<sup>20</sup>. They saw in a distant and uncertain future, the abolition of extra-territoriality. In China, foreign Chambers of Commerce and Residents’ Associations were determined not to surrender any of their privileges, and, moreover, tried to increase them; some even dreamt of building an enormous, free international zone at the mouth of the Yangtze taking in the whole of Shanghai and the country immediately behind it.<sup>21</sup>

As the territory of the Settlements, and in particular that of the International Settlement, was increasingly unable to meet demographic and industrial requirements, and as the Chinese government refused to readjust its boundaries,<sup>22</sup> the Shanghai Municipal Council practised a policy of indirect extension, by building External Roads (48 miles in 1925) in Chinese territory. These roads were maintained and policed by the Council, who also placed a tax on local residents. Thus the External Roads Areas, in the suburbs to the west (7640 acres) and to the north of the International Settlements (283 acres), escaped the administration and sovereignty of the Chinese. After the 30 May Movement in 1925 the building programme was interrupted, but the legal status of the External Roads was only settled two years later with the establishment of the Kuomintang government.<sup>23</sup>

The Council applied similar tenacity to leading two other rearguard battles: that of the ‘Mixed Court’, and that of the representation of the tax-paying Chinese. Created in 1864 to settle differences between Chinese residents of the Concession, the Mixed Court ceased being a Chinese court in 1911 when the Consular Corps took upon itself the right of naming and paying its magistrates. In spite of numerous attempts by Chinese authorities, up to 1926 the Council refused to repeal the ‘temporary measures’ of 1911.<sup>24</sup> The problem of the representation of Chinese tax-payers in the International Settlement in the



Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## SHANGHAI, OR 'THE OTHER CHINA'

Council had been an issue since 1905, and it presented itself afresh in 1919 when tax-payers refused to pay the increased municipal taxes, rallying to the cry of 'no taxation without representation'. The protestors, however, only succeeded in obtaining the creation of the Chinese Advisory Committee, and they had to wait until 1927 to send three councillors to take full part in the Council.<sup>25</sup> In spite of the concessions which they were forced to make by the 30 May Movement, the foreigners safeguarded their privileged positions in Shanghai. But already the conditions for dialogue between the Chinese and foreign communities had been deeply disturbed by the rise of new urban classes: a business class, a working class, and an intelligentsia.

Immediately after the First World War, the precipitate disintegration of traditional social structures, and the decline of Confucian ideology, loosened the hold which the bureaucracy held over the Chinese bourgeoisie. At the same time, economic prosperity favoured their business undertakings. The development of industry in Shanghai at this time reflected that of Chinese industry (Table 1.4). For the Chinese capitalists it was a period of unprecedented profit-making (Table 1.5), and of annual dividends which often surpassed 30 per cent (in 1919 the Commercial Press paid 34 per cent)<sup>26</sup> and sometimes reached 90 per cent (the Ta-sheng cotton mills, for example).<sup>27</sup> A new generation of businessmen appeared, formed of industrialists, including such men as H. Y. Moh (Mu Hsiang-yueh), C. C. Nieh (Nieh Ch'i-chieh), the Chien brothers (Chien Chao-nan and Chien Yu-chieh) and the bankers, K. P. Chen (Ch'en Kuang-fu) and Chiang Kia-ngau (Chang Chia-ao). These young Chinese managers founded their own

Table 1.4. *Growth of Chinese cotton mills in Shanghai 1914–27*

|      | Factories | Looms   |
|------|-----------|---------|
| 1914 | 7         | 160,900 |
| 1919 | 11        | 216,236 |
| 1920 | 21        | 303,392 |
| 1921 | 23        | 508,746 |
| 1922 | 24        | 629,142 |
| 1924 | 24        | 675,918 |
| 1927 | 24        | 684,204 |

Source: Yen Chung-p'ing, *T'ung-chi tzu-liao*, pp. 162–3.

Cambridge University Press

0521231981 - Shanghai: Revolution and Development in an Asian Metropolis

Edited by Christopher Howe

Excerpt

[More information](#)

## THE MODERN HISTORICAL PERSPECTIVE

Table 1.5. *Profits from Chinese businesses in Shanghai*

(Chinese dollars)

|      | Profits from the no. 1<br>mill of the Shen-hsin Co. | Average profits of the<br><i>ch'ien-chuang</i> banks |
|------|---|--|
| 1915 | 20,000  | 25,111   |
| 1919 | 1,000,000   | 37,723   |
| 1920 | 1,100,000   | 32,371   |
| 1921 | 600,000   | 38,778   |

Sources: Yen Chung-p'ing, *Mian-fang-chih shih-kao*, p. 172; *Ch'ien-chuang shih-liao*, p. 202.

professional associations, the Shanghai Bankers' Association (*Shang-hai yin-hang kung-hui*) in 1917, and the Chinese Millowners' Association (*Hua-shang sha-ch' ng lien-ho-hui*) in 1918. They also tried to take control of long-established organizations such as the guilds and the General Chamber of Commerce of Shanghai (*Shang-hai tsung-shang-hui*) which after the war was still dominated by the old elite of comprador-merchants such as Chu Pao-san and Yu Hsia-ch'ing.<sup>28</sup> Being nationalistic, the Shanghai bourgeoisie demanded the re-establishment of customs autonomy and took part in all the struggles for the restoration of sovereign rights of China on the local level, including the return of the Mixed Court (Chinese representation at the Council), and also on the national level, for example, in the dispute over the restitution of Shantung. They did not, however, repudiate totally the presence of foreigners; they needed their capital and their experts. Indeed the group aspired to an '*entente cordiale économique*'<sup>29</sup> and to a co-operation which would preserve independence and promote the mutual benefit of the Chinese and of their foreign associates. Being liberal, the group denounced the incompetence, irresponsibility and brutality of the warlords; it hoped to restructure the Republican State on the basis of a federation of autonomous provinces, which would remedy the lack of a central government whilst preventing the return of an arbitrary and despotic regime whose victims had so often been the merchants.<sup>30</sup> Thus the bourgeoisie dreamt of having a political role, a fact reflected in the strange session of the General Chamber of Commerce on 23 June 1923, during the course of which the Chamber 'declared independence' of the government of Peking (which it saw as illegal) and established a Committee of Popular Government (*Min-chih wei-yuan-hui*) composed of its own members. Merchant power wanted to take on the running of the country!<sup>31</sup>